

Chapter 209, P.L. 2001

(Approved August 15, 2001)

SENATE, No. 1310

STATE OF NEW JERSEY

209th LEGISLATURE

INTRODUCED MAY 18, 2000

Sponsored by:

Senator ROBERT J. MARTIN

District 26 (Essex, Morris and Passaic)

SYNOPSIS

Provides for aggregation of pension credit to qualify for paid SHBP benefits in retirement.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning paid health benefits coverage for retirees under the State Health Benefits Program and amending various parts of the statutory law.

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BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. Section 6 of P.L.1996, c.8 (C52:14-17.28b) is amended to read as follows:

6. a. Notwithstanding the provisions of any other law to the contrary, the obligations of the State or an independent State authority, board, commission, corporation, agency, or organization to pay the premium or periodic charges for health benefits coverage provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be determined by means of a binding collective negotiations agreement, including any agreements in force at the time of the adoption of P.L.1996, c.8. With respect to State employees for whom there is no majority representative for collective negotiations purposes, the commission may, in its sole discretion, modify the respective payment obligations set forth in P.L.1961, c.49 for the State and such employees in a manner consistent with the terms of any collective negotiations agreement binding on the State. With respect to employees of an independent State authority, board, commission, corporation, agency, or organization for whom there is no majority representative for collective negotiations purposes, the employer may, in its sole discretion, modify the respective payment obligations set forth in P.L.1961, c.49 for such employer and such employees in a manner consistent with the terms of any collective negotiations agreement binding on such employer. The provisions of this subsection shall also apply to employees deemed or considered to be employees of the State pursuant to subsection (c) of section 2 of P.L.1961, c.49 (C.52:14-17.26).

b. (1) Notwithstanding the provisions of any other law to the contrary, for each State employee who accrues 25 years of nonconcurrent service credit in [a State-administered retirement system] one or more State or locally-administered retirement systems before July 1, 1997,

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

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excepting the employee who elects deferred retirement, the State, upon the employee's retirement, shall pay the full cost of the premium or periodic charges for the health benefits provided to a retired State employee and dependents covered under the State Health Benefits Program, but not including survivors, and shall also reimburse the retired employee for premium charges under Part B of Medicare covering the retired employee and the employee's spouse.

(2) Notwithstanding the provisions of any other law to the contrary, for each State employee who accrues 25 years of nonconcurrent service credit in [a State-administered retirement system] one or more State or locally-administered retirement systems on or after July 1, 1997, excepting the employee who elects deferred retirement, the State, upon the employee's retirement, shall pay the premium or periodic charges for the health benefits provided to a retired State employee and dependents covered under the State Health Benefits Program, but not including survivors, and shall reimburse the retired employee for premium charges under Part B of Medicare covering the retired employee and the employee's spouse: (a) in accordance with the provisions, if any, concerning health benefits coverage in retirement which are in the collective negotiations agreement applicable to the employee at the time of the employee's accrual of 25 years of nonconcurrent service credit in [the retirement system] one or more State or locally-administered retirement systems, or (b) if the employee has no majority representative for collective negotiations purposes, in a manner consistent with the terms, if any, concerning health benefits coverage in retirement which are in any collective negotiations agreement deemed applicable by the State Health Benefits Commission to that employee at the time of the employee's accrual of 25 years of nonconcurrent service credit in [the retirement system] one or more State or locally-administered retirement systems.

(cf: P.L.1996, c.8, s.6)

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2. Section 8 of P.L.1961, c.49 (C.52:14-17.32) is amended to read as follows:

8. a. The basic coverage and the major medical coverage of any employee, and [of his] the employee's dependents, if any, shall cease upon the discontinuance of [his] the term of office or employment or upon cessation of active full-time employment subject to such regulations as may be prescribed by the commission for limited continuance of basic coverage and major medical coverage during disability, part-time employment, leave of absence or lay off, and for continuance of basic coverage and major medical coverage after retirement, any such continuance after retirement to be provided at such rates and under such conditions as shall be prescribed by the commission, subject, however, to the requirements hereinafter set forth in this section. The commission may also establish regulations prescribing an extension of coverage when an employee or dependent is totally disabled at termination of coverage.

b. Rates payable by retired employees for themselves and their dependents, by active employees for dependents covered by medicare benefits, and by the State or other employer for an active employee alone covered by medicare benefits, shall be determined on the basis of utilization experience according to classifications determined by the commission, provided, however, that the total rate payable by such retired employee for [himself] the employee and [his] the employee's dependents, or by such active employee for [his] the employee's dependents and the State or other employer for such active employee alone, for coverage hereunder and for Part B of medicare, shall not exceed by more than 25%, as determined by the commission, the total amount which would have been required to have been paid by [him] the employee and by the State or other employer for the coverage maintained had [he] the employee continued in office or active employment and [he] the employee and [his] the employee's dependents were not eligible for medicare benefits. "Medicare" as used in this act means the coverage provided under Title XVIII of the Social Security Act as amended in 1965, or its successor

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plan or plans.

c. (1) From funds appropriated therefor, the State shall pay the premium or periodic charges for the benefits provided to a retired State employee and [his] the employee's dependents covered under the program, but not including survivors, if such employee retired from [a State-administered retirement system] one or more State or locally-administered retirement systems on a benefit or benefits based in the aggregate on 25 years or more of nonconcurrent service credited in [such retirement system] the retirement systems, excepting the employee who elected deferred retirement, but including the employee who retired on a disability pension based on fewer years of service credited in [such retirement system] the retirement systems and shall also reimburse such retired employee for [his] the premium charges under Part B of the federal medicare program covering the retired employee and the employee's spouse. In the case of full-time employees of the Rutgers University Cooperative Extension Service, service credited in the federal Civil Service Retirement System (5 U.S.C.s.8331 et seq.) which was earned as a result of full-time employment at Rutgers University, may be considered alone or in combination with service credited in [a State-administered retirement system] one or more State or locally-administered retirement systems for the purposes of establishing the minimum 25-year service requirement to qualify for the benefits provided in this section. Any full-time employee of the Rutgers University Cooperative Extension Service who meets the eligibility requirements set forth in this amendatory act shall be eligible for the benefits provided in this section, provided that at the time of retirement such employee was covered by the State Health Benefits Program and elected to continue such coverage into retirement.

(2) Notwithstanding the provisions of this section to the contrary, from funds appropriated therefor, the State shall pay the premium or periodic charges for the benefits provided to a retired State employee and [his] the employee's dependents covered under the program, but not

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including survivors, if: (a) the employee retires on or after the effective date of this 1987 amendatory act; (b) the employee was employed by Rutgers University prior to January 2, 1955 and remained in continuous service with Rutgers University until retirement even though the employee (i) did not join a State-administered retirement system, or, (ii) became a member of a State-administered retirement system, but accumulated less than 25 years of credited service; and (c) the employee is covered by the program at the time of retirement.

(3) Notwithstanding the provisions of this section to the contrary, in the case of an employee of a State college, as described in chapter 64 of Title 18A of the New Jersey Statutes, or of a county college, as defined in N.J.S.18A:64A-1, service credited in a private defined contribution retirement plan which was earned as an employee of an auxiliary organization, as defined in section 2 of P.L.1982, c.16 (C.18A:64-27), at a State or county college shall be considered in combination with service credited in a State-administered retirement system for the purposes of establishing the minimum 25-year service requirement to qualify for the benefits provided in this section, provided that the employee is covered by the program at the time of retirement.

(4) Notwithstanding the provisions of this section to the contrary, from funds appropriated therefor, the State shall pay the premium or periodic charges for the benefits provided to a retired State employee and any dependents covered under the program, but not including survivors, if the employee: (a) retired prior to the effective date of this act, P.L.1997, c.335 (C.52:14-17.32), under the State Police Retirement System, established pursuant to P.L.1965, c.89 (C.53:5A-1 et seq.), with more than 20 but less than 25 years of service credit in the retirement system; (b) was subsequently employed by the State in another position or positions not covered by the State Police Retirement System; (c) has, in the aggregate, at least 30 years of full-time employment with the State; and (d) is covered by the program at the time of terminating full-time employment with the State.

(cf: P.L.1997, c.335, s.1)

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3. Section 2 of P.L.1992, c.126 (C.52:14-17.32f1) is amended to read as follows:

2. The provisions of section 3 of P.L.1987, c.384 (C.52:14-17.32f) shall apply to:

a. any employee of a board of education who retires on a benefit or benefits based in the aggregate upon 25 or more years of nonconcurrent service credit in [the Public Employees' Retirement System (P.L.1954, c.84; C.43:15A-1 et seq.)] one or more State or locally-administered retirement systems, or retires on a disability pension based upon fewer years of service credit in that system or systems, or elected deferred retirement based in the aggregate upon 25 or more years of nonconcurrent service credit in one or more State or locally-administered retirement systems and receives a retirement allowance from that system or systems;

b. any employee of a county college who retires on a benefit or benefits based in the aggregate upon 25 or more years of nonconcurrent service credit in [the Public Employees' Retirement System (P.L.1954, c.84; C.43:15A-1 et seq.)] one or more State or locally-administered retirement systems, or retires on a disability pension based upon fewer years of service credit in that system or systems, or elected deferred retirement based in the aggregate upon 25 or more years of nonconcurrent service credit in one or more State or locally-administered retirement systems and receives a retirement allowance from that system or systems; or [who retires on a benefit based upon 25 or more years of service credit in the alternate benefit program (P.L.1969, c.242; C.18A:66-167 et seq.), or] who receives a disability benefit pursuant to section 18 of P.L.1969, c.242 (C.18A:66-184); and

c. any employee of a county college who retires on a benefit based upon 10 or more years of service credit in the alternate benefit program (P.L.1969, c.242; C.18A:66-167 et seq.) and who has additional years of service credited in another defined contribution retirement program as an employee of a private institution of higher education which, under

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contract with a county government, provided services as a county college and subsequently merged with a county technical institute to become a county college, which additional years of service when added to the service credited in the alternate benefit program totals 25 or more years and any such employee who retired prior to the effective date of P.L.1999, c.382 if the employee applies to the program for coverage within one year after the effective date of P.L.1999, c.382[, except that the].

The costs of the premium or periodic charges for the benefits and reimbursement of medicare premiums provided to a retiree and the dependents of the retiree under this section shall be paid by the State.
(cf: P.L.1999, c.382, s.1)

4. Section 7 of P.L.1964, c.125 (C.52:14-17.38) is amended to read as follows:

7. a. The Division of Pensions and Benefits shall certify to the certifying agent of each employer electing participation under the program the premium rates and periodic charges applicable to the coverage provided for employees and dependents. The participating employer shall remit to the division all contributions to premiums and periodic charges in advance of their due dates, subject to the rules and regulations of the commission.

b. (1) From funds allocated therefor, the employer other than the State, upon the adoption and submission to the division of an appropriate resolution prescribed by the commission, may pay the premium or periodic charges for the benefits provided to a retired employee and the employee's dependents covered under the program, if the employee retired from a State or locally-administered retirement system, excepting the employee who elected deferred retirement, and [met the eligibility requirements for employer payment of premiums or periodic charges for health benefits coverage for retirees pursuant to N.J.S.40A:10-23, as amended, and] may also reimburse the retired employee for the

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employee's premium charges under Part B of Medicare covering the retired employee and the employee's spouse if the employee:

(a) retired on a disability pension; or

(b) retired after 25 or more years of nonconcurrent service credit in one or more State or locally-administered retirement systems and a period of service of up to 25 years with the employer at the time of retirement, such period of service to be determined by the employer and set forth in an ordinance or resolution as appropriate; or

(c) retired and reached the age of 65 years or older with 25 years or more of nonconcurrent service credit in one or more State or locally-administered retirement systems and a period of service of up to 25 years with the employer at the time of retirement, such period of service to be determined by the employer and set forth in an ordinance or resolution as appropriate; or

(d) retired and reached the age of 62 years or older with at least 15 years of service with the employer.

"Retired employee and the employee's dependents" may, upon adoption of an appropriate resolution therefor by the participating employer, also include otherwise eligible employees, and their dependents, who retired from [a State or locally-administered retirement system] one or more State or locally-administered retirement systems prior to the date that the employer became a participating employer in the New Jersey State Health Benefits Program or who did not elect to continue coverage in the program during such time after the employer became a participating employer that the employer did not pay premium or periodic charges for benefits to retired employees and their dependents pursuant to this section. Eligibility and enrollment of such employees and dependents shall be in accordance with such rules and regulations as may be adopted by the State Health Benefits Commission.

The employer other than the State may, by resolution, pay the premium or periodic charges for the benefits provided to the surviving spouse of a retired employee and the employee's dependents covered under the program as provided in this section.

(2) Notwithstanding the provisions of any other law to the contrary, the obligations of an employer other than the State, except an independent State authority, board, commission, corporation, agency, or organization deemed to be covered by section 6 of P.L.1996, c.8 (C.52:14-17.28b) and except school boards whose employees are covered by section 3 of P.L.1987, c.384 (C.52:14-17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1) and section 1 of P.L.1995, c.357 (C.52:14-17.32f2), to pay the premium or periodic charges for health benefits coverage under the provisions of paragraph (1) may be determined by means of a binding collective negotiations agreement, including any agreement in force at the time of the adoption of this act, P.L.1999, c.48. With respect to employees for whom there is no majority representative for collective negotiations purposes, the employer may, in its sole discretion, determine the payment obligations for the employer and the employees, except that if there are collective negotiations agreements binding upon the employer for employees who are within the same community of interest as employees in a collective negotiations unit but are excluded from participation in the unit by the "New Jersey Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), the payment obligations shall be determined in a manner consistent with the terms of any collective negotiations agreement applicable to the collective negotiations unit.

c. Notwithstanding the provisions of any other law to the contrary, the payment obligations of an employee of an employer other than the State, except an independent State authority, board, commission, corporation, agency, or organization, for health benefits coverage under subsection b. shall be the payment obligations applicable to the employee on the date the employee retires on a disability pension or the date the employee meets the service credit and service requirements for the employer payment for the coverage, as the case may be.
(cf: P.L.1999, c.48, s.1)

5. This act shall take effect immediately.

STATEMENT

The bill amends the statutes governing a retiree's eligibility for paid

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coverage under the State Health Benefits Program (SHBP). Existing law provides that to qualify for such coverage, a State employee (other than one retiring on a disability pension) must have accrued 25 years of service credit in a single State-administered retirement system. The State will also pay for retiree health benefits for a board of education or county college employee who has 25 years of service credit in the Public Employees' Retirement System or the Alternate Benefit Program. A local government unit in SHBP may choose to provide post-retirement medical coverage to its retirees, but with certain exceptions, a local government retiree must have accrued 25 years of creditable service in a single State or locally-administered retirement system to qualify.

This bill provides that instead of having to meet the 25-year service credit requirement in a single State or locally-administered retirement system, a public employee under SHBP may receive this benefit if the 25 years of service credit is in one or more State or locally-administered retirement systems.